



Editorial



It is my pleasure to bring you the third issue of the year, with its regular complement of articles and features. I also draw your attention to the announcement of the seventh IMR Doctoral Conference scheduled on December 22 and 23, 2015, in our back pages. I look forward to your support for IMRDC 2015.

It is important to understand the economic activity of the informal sector for tackling questions of growth, employment and poverty alleviation. In this context there has been a thrust to provide micro-credit to informal enterprises (part of all unincorporated private enterprises by individuals or households with less than ten workers) by microfinance institutions (MFI) to enable micro-entrepreneurs boot-strap their way out of poverty. In their paper “Informal Businesses and Micro-Credit—Evidence from Financial Diaries: A Study in Ramanagaram, India” Prof. Rajalaxmi Kamath and Ms. Smita Ramanathan generate thick descriptions of informal businesses by combining quantitative and qualitative data, using the Financial Diaries methodology to collect information on the cash flows of informal businesses, most of whom had borrowed from MFIs, from a sample of 90 households in the Ramanagaram district of Karnataka, India between September 2008 and August 2009. They concentrate on seven business families engaged in their traditional business of peddling goods from door to door. They focus on various aspects of the loans such as the size, the repayment schedules and time period needed for repayments and recommend that there is a need to go beyond standardized microfinance loans to informal enterprises that are marked by seasonality and volatility springing from the contextual and socio-demographic circumstances of the households running them. MFIs need to customize products to suit the cash-flows and needs of their customers if they are to genuinely help the informal sector bootstrap its way out of poverty and contribute to the economy.

In their paper, “Corporate Identity, Customer Orientation, and Performance of Small and Medium Enterprises: Exploring the Linkages”, Professors Upendra Maurya, P. Mishra, Sandip Anand, and Niraj Kumar examine in the context of SMEs the impact of two important marketing concepts—Corporate Identity (CI or marketing of the organization) and Customer Orientation (CO or marketing the organization’s offering) on firm’s financial performance (FP) and firm’s market perfor-

mance (MP). Both CI and CO are important to a firm in gaining competitive advantage. They develop a conceptual model for exploring the linkages of CI and CO on firm performance and test it on a sample size of 102 SMEs in the Pune region using partial least squares–structural equation modeling technique (PLS–SEM). The findings support all the five hypotheses postulated and extend empirical support to the notion that the role of CI is overarching as it has direct and indirect effects on MP, whereas CI has indirect effect on FP through CO. This provides a rationale to SME owners and CEOs for investing in corporate identity. Further, while SMEs should not expect immediate financial outcome out of CI, the study indicates the need for a synergistic approach towards CI and CO by SMEs.

In making finance and investment related decisions, especially in terms of risk–reward trade-offs, it is important for the investment community to understand and assess the financial risk tolerance (FRT) and financial risk behavior (FRB) of investors. This would be useful for financial advisors to develop optimal investment portfolios and avoid investor disappointment. In the paper, “Retail Investors’ Financial Risk Tolerance and their Risk-taking Behavior: The Role of Demographics as Differentiating and Classifying Factors”, Prof. M Kannadhasan identifies a research gap and conducts a study to understand the role of demographic factors—gender, age, marital status, income, occupation, and education in differentiating retail investors among themselves in terms of FRT and FRB and classifying retail investors into FRT and FRB categories. The study addresses the issues with the help of single cross sectional survey design with data collected from among 778 retail investors in Raipur, Chhattisgarh, India. The study finds that gender, age, and occupation are useful factors in differentiating retail investors among the levels of FRT and FRB as well as classifying them into different FRT and FRB categories; in addition, education and income play a role in explaining the FRT and FRB categories respectively. These findings support the findings of previous research and have implications for practitioners. For instance, the findings on gender emphasize the need for women to be educated to enable them use risk prudently in ensuring adequate returns. However, the study also advises on the need to use all the demographic variables instead of relying on statistically significant factors alone for differentiating among the levels of FRT and FRB so as to avoid false classifications; and to consider the retail investors’ socio-economic and attitudinal factors as well while assessing their categories.

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Dr. Sakshi Sharma approaches an empirically under-researched area in the Indian Army through her paper "Occupational Stress in the Armed Forces: An Indian Army Perspective", with the objective of identifying the factors causing occupational stress among Indian soldiers; evaluating the applicability of a scale used for measuring occupational stressors in the Indian army; and to formulate strategies to curb occupational stress in the Indian army. The sample for the study consisted of 415 soldiers below commissioned officer rank, posted in a sensitive region, and data were gathered through structured schedules. The scale used for measuring occupational stress consisted of 47 items. Exploratory factor analysis resulted in a reduction to 32 items clubbed under 9 independent factors, namely ineffective leadership style; unsupportive colleagues; indifferent organizational climate; inadequate training; workload and job pressure; lack of control at work; role ambiguity; role conflict; and inadequate awareness about profession as the indicators of occupational stressors in the Indian army. Confirmatory factor analysis confirmed only eight factors with inadequate awareness about profession not being confirmed. The study highlighted that lack of control at work is the most influential stressor in the Indian army, followed by role conflict, which could be attributed to the control-based hierarchical system in the army. The study recommends a gradual shift from a control-based army system to a commitment-based army system by placing transformational leaders at key positions; creating just, fair, and egalitarian management practices to develop an open and trusting culture; and fostering participation of soldiers in decision-making in order to enhance integration, communication, teamwork, motivation, commitment and performance of soldiers. In addition, Dr. Sharma recommends the practice of Sahaja Yoga meditation for restoring the positivity in the minds of

the soldiers and creating a healthy, stress-free working environment.

Compared to other infrastructure sectors, telecommunications has proved to be a huge success story in India, in which the Telecom Regulatory Authority of India (TRAI) and the government played their part. However, there are several challenges that lie ahead. In our Round Table feature on "Telecommunications at the Crossroads in India", Professor Subhashish Gupta first lays out the current scenario that includes the disparity in urban and rural teledensity, the price advantage of voice over internet protocol (VoIP), and the importance of Internet access. He then discusses the challenges the sector faces in terms of the supply side challenges of technology with scarcity of spectrum, the need for smartphones with price being a hurdle to adoption; the demand side challenges with need to live up to the expectations of customers and the issues of content, the stagnation of voice and the prospects of data as the next source of revenue; and the role of the government and the other institutional actors involved. In the second part of the article Prof. Gupta and Mr. Rajkumar Upadhyay co-ordinate a discussion on the issues raised with a panel of specialists which includes members of TRAI, state-owned and private telecommunications companies, the academia, and the media.

The issue also contains a review by Ms. Shaivi Mishra of IIM Bangalore of the book "Stress and Work: Perspectives on Understanding and Managing Stress" edited by D M Pestonjee and Satish Pandey; Sage, New Delhi, India.

I look forward to your comments and suggestions on the contents of this issue.

Nagasimha Balakrishna Kanagal, Editor-in-Chief,
IIMB Management Review, India.
E-mail address: eic@iimb.ernet.in